

## *VII. Behind the Strategy: Trends and Challenges*

The City of Villages strategy was developed after a thorough analysis of the experiences of the past, existing opportunities and constraints, and trends for the future. City staff worked in conjunction with the Strategic Framework Citizen Committee to analyze the impacts of population trends, development patterns and legislative policy decisions of the past and future.

### *A. Population Changes*

#### *Growth Forecasts*

In 1999, The San Diego Association of Governments (SANDAG) Region 2020 Cities/County Forecast indicated that the City would grow by approximately 519,000 people between 1995 and 2020. In October 2001, the forecast was revised to approximately 382,000 additional people from 2000 to 2020, based on new data from the 2000 Census.

The SANDAG forecast indicates that the growth rate will slowly decline from approximately 1.5 percent in 2000, to approximately 1 percent from 2010 to 2020, and below 1 percent after 2020.

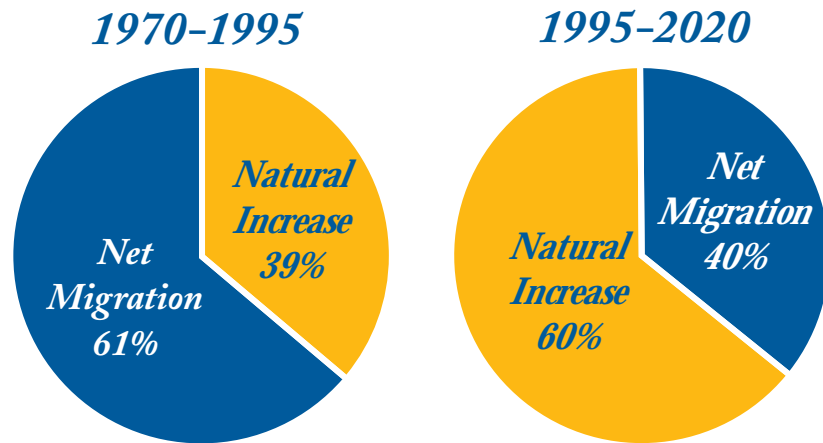
#### *Demographic Changes*

In the 1980s, 60 percent of the City's population growth was due to in-migration, mostly from within the United States; the trend projected through 2020 has changed markedly. By 2020, approximately 60 percent of the population growth is projected to come from natural increase (births minus deaths). While the plentiful defense jobs of the 1980s attracted large numbers of workers from areas outside the City, the first half of the 1990s saw the elimination of thousands of these middle and higher wage jobs.

During the same time period, foreign in-migration increased and it is projected to continue at high levels. From 1990 to 2000, the San Diego region averaged 16,100 international migrants per year. This trend is important to consider when meeting the housing and employment challenges of 2020 and beyond.

SANDAG also predicts that within the City of San Diego, the number of people 65 years and older will increase significantly over the next 20 years from 11 percent to 14 percent of the total population. These future

**Figure 1: Changes in source of population growth for the San Diego region**



mature citizens may wish to live independently while remaining in their same communities close to family and friends. The availability of smaller, more affordable units conveniently located close to services and transit may help them attain their goals.

San Diego also has a young population, with approximately 56 percent of its citizens less than 35 years old. However, people age 20-34, who constituted a majority of new workers and household formations, experienced an overall decline in the 1990s.

Despite the overall decline in the pivotal 20-34 age group, the Hispanic, Black, and Asian populations each produced net gains in this age group through the 1990s.

## Cultural Diversity

Cultural diversity is an important aspect of life throughout the region and the City. This diversity is reflected in San Diego's arts and culture, architecture, and the social fabric of the hundreds of neighborhoods that comprise the City.



San Diego is becoming increasingly multicultural; the City is one of the most ethnically and culturally diverse places in the nation. Our residents, who have come from all parts of the world to live here, speak more than 100 different languages. Approximately 49 percent of San Diego's population is White, 25 percent is Hispanic, 8 percent is Black, and 14 percent is Asian. SANDAG predicts that over the next 20 years, San Diego's Hispanic and Asian population will increase significantly. San Diego can be proud of the fact that a study by the University of Michigan's Population Study Center ranked San Diego as the fourth least segregated City among the nation's 20 largest metropolitan areas.

## *B. Urban Form Development Patterns*

### *Phased Development Areas & Proposition A*

In 1979, the *Progress Guide and General Plan* established a growth management program entitled, *Guidelines for Future Development*. The guidelines were designed to require a phasing of growth and development in the outlying areas of the City, in accordance with the availability of public facilities and services, and to redirect growth into the central business district and established neighborhoods.

As previously stated, this growth management program established the three tiers of growth: Urbanized, Planned Urbanizing, and Future Urbanizing areas. The General Plan encouraged intensive and varied development in the Urbanized area, a portion of the City consisting of established, built-out neighborhoods and the downtown core.

Development in the Planned Urbanizing area's newly developing communities primarily along the I-5 and I-15 corridors could occur, but Council Policies were established which required developers to pay for the construction of all necessary public facilities through either a Facilities Benefit Assessment (FBA) or other financing mechanisms.

In 1979, the Future Urbanizing Area (FUA) located at or adjacent to the City boundaries was largely vacant and zoned for agricultural use. The General Plan discouraged urban and suburban levels of development in the FUA, unless and until the Urbanized and Planned Urbanizing areas were sufficiently built. The intent was to discourage leapfrog development and inefficient use of the City's facilities and services.



As a result, there was a significant increase in the amount of growth in the Urbanized area. Whereas only 10 percent of all new residential growth in 1979 occurred in the urbanized area, by 1983, that number had increased to 60 percent. During the late 1980s and throughout the 1990s, the momentum shifted again to the Planned Urbanizing area, but a substantial amount of residential development continued to occur each year in the Urbanized area up through the time of the recession in the early 1990s.

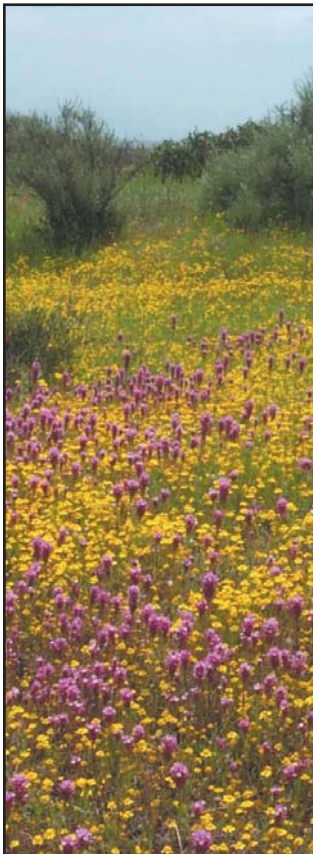
In the mid-1980s, developers began to pursue projects within the northern portion of the City in the North City Future Urbanizing Area (NCFUA). In 1984, the City Council approved a development in the La Jolla Valley at the extreme northern edge of the City. San Diego residents grew concerned that the City would approve such an intense development in apparent conflict with adopted growth management policies, and without the benefit of comprehensive planning.

The City Council's action prompted a voter-initiated ballot measure, Proposition A – the Managed Growth Initiative. This initiative required approval of a majority vote of the people for phase shifts from Future Urbanizing to Planned Urbanizing area, retroactive to the date prior to approval of the La Jolla Valley development. The ballot measure provided that the “provisions restricting development in the Future Urbanizing Area shall not be amended except by majority vote of the people” except for “amendments which are neutral or make the designation more restrictive in terms of permitting development.”

Consequently, after the passage of Proposition A, in the absence of voter approval, development in the FUA continued to be limited to extremely low-density, estate residential projects, a few low intensity recreational uses, and agriculture.

### *Planning and Phase Shifts for Proposition A Lands*

Concern over losing so much of the urban reserve to unplanned, low density development resulted in City Council adoption of a moratorium on NCFUA development, while the City prepared and adopted a comprehensive amendment to the *Progress Guide and General Plan*. This amendment, the *NCFUA Framework Plan*, was adopted in 1992. The plan established an interconnected open space system and divided the NCFUA into five subareas. The plan called for moderate density residential projects in mixed-use centers surrounded by lower density development, the integration of pedestrian-oriented design, and the use of landform grading techniques. By 1998, the voters had approved phase shifts for three major subareas.

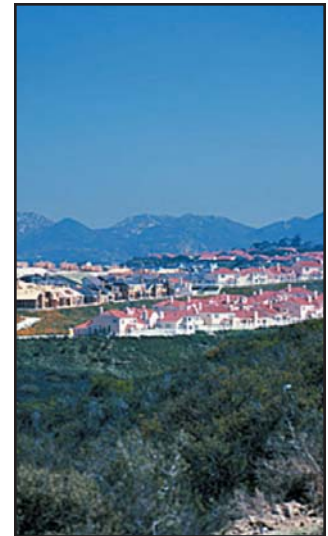


The City has also undertaken other planning efforts to address land use in the remainder of the Future Urbanizing area subject to its jurisdiction. In 1995, the City Council adopted a comprehensive update to the San Pasqual Valley Plan that recommended the preservation of San Pasqual Valley for agricultural use and open space. Additionally, in 1996, the City adopted a specific plan for the Del Mar Mesa that limits residential development and sets aside over half of the plan for the purposes of habitat preservation. Furthermore, federal, state, county, and other jurisdictions have participated with the City in planning for open space and habitat preservation in the San Dieguito and Tijuana River valleys, also part of the Future Urbanizing area. As a result of these planning efforts, the City, with voter concurrence, has effectively determined for the most part where future development should and should not occur for the foreseeable future.

One of the primary purposes behind the adoption of the Phased Development areas system was to ensure the timely provision of public facilities as growth occurred. The City developed the Facilities Benefit Assessment (FBA) and other financing programs to assist with the accomplishment of this requirement. Funds collected through these particular mechanisms, however, can only be used for capital expenditures. Once a public facility is constructed, the City must turn to other funding sources for operation and maintenance, primarily the general fund. The public facility phasing and sequencing components of the tier system therefore will no longer be relevant when the City reaches build-out according to community plans.

## *Infill Development*

The City of San Diego's *1979 Progress Guide and General Plan* was successful in reversing two related trends: rapid growth on the northern periphery of the City, and slowed growth in the central, older core. The growth management strategy, however, had unintended consequences as intensive redevelopment of the older core neighborhoods occurred without sufficient public facilities. The general fund was significantly diminished by the loss of property tax revenue due to voter approved tax limitations beginning with Proposition 13. In addition, poor architectural design and site planning characterized many of the new projects, since many new apartment buildings were out of scale with the prevailing architectural character of the older neighborhoods. Ultimately, public opposition to infill development resulted in a reluctance to accept additional growth and prompted new multiple-family development regulations to address design issues.





## *Auto-Oriented Development*

Single-family construction of larger homes continued to dominate the market as the century came to a close. This resulted in rapid consumption of land around the periphery of the City, especially to the north. Throughout the 1990s, developers continued to build larger single-family subdivisions, characterized by a hierarchical street layout with cul-de-sacs feeding onto collector and arterial roads, and segregated land uses. Such a development pattern makes an effective transit program difficult to implement, resulting in much of the northern City becoming highly auto dependent.



## *Open Space*

The City and region have made significant strides with respect to open space preservation. As the 1990s began, San Diegans continued to express concerns regarding the lack of comprehensive open space planning and preservation within the City and throughout the region, and the failure of existing regulations to protect sensitive habitat and land form. Interconnected habitat preservation areas had not been clearly identified, and serious deficiencies in open space management and acquisition funding existed. Habitat preservation occurred on an ad hoc, project-by-project basis, and was scattered around the City. During the second half of the decade, the City engaged in a comprehensive habitat planning program, the Multiple Species Conservation Program (MSCP), to establish

an interconnected open space preserve throughout the region. The MSCP established a preserve area, the Multiple Habitat Planning Area (MHPA), and a specific set of regulations for development adjacent to (and to a limited extent within) the preserve, and developed a funding strategy to acquire key parcels of land.

Despite the tremendous advance in habitat planning and preservation that the MSCP represents, challenges remain. Specifically, some community planning advocates are concerned that the MSCP may have preempted efforts to preserve other open spaces, such as urban canyons and significant landforms, located outside of the MSCP preserve. Additionally, development of sensitive lands, where it is permitted, continues to be marred by poor design and insensitive grading techniques that have resulted in the destruction of ridge lines and other environmental impacts. Finally, open space linkages between communities and the integration of open space, scenic resources, and active recreation into neighborhoods rarely occur.

San Diego has almost reached its current plan build-out, with the exception of Otay Mesa in the southern portion of the City. Here the City wrestles with the conflict between open space acquisition of developable land and the resultant loss of potential urban uses. The outstanding urban form challenge is to accommodate and redirect growth so that it preserves the existing, desirable, characteristics of established neighborhoods and builds character into new neighborhoods. Furthermore, a successful growth strategy must address how to provide the open space and transportation linkages to create a unified structure for the City as a whole, while maintaining and enhancing the diverse character of its individual neighborhoods, and distinctive natural landform.



## C. Public Facilities & Financing

### Infrastructure and Financing



Provision and maintenance of the City's infrastructure and public facilities have been severely strained in the last two decades. Limitations are particularly felt in the older urbanized areas, as the combination of limits on property tax revenues and shifts of local taxes to the state have occurred. The passage of Proposition 13, the Property Tax Limitation Initiative, in 1978, followed by state budgeting actions in the early 1980s and 1990s, further reduced local revenues. The early '80s and early '90s were recessionary times, and the state balanced its budget by appropriating local revenues. State repeals of previous subventions (categories of financial support) to local governments resulted in a drop in cities' and counties' combined share of the local property tax statewide of nearly \$1 billion. Over the past 25 years, voter-approved tax limitations have greatly diminished local government's fiscal powers, reduced revenues, and relegated the allocation of property taxes to the state government. These fiscal constraints have impacted all California cities, but not to the same degree. The post Proposition 13 allocation of property taxes, as mandated by State Assembly Bill 8, has resulted in Los Angeles and San Francisco receiving a much larger share of the local property tax than is received by San Diego, as indicated in Figure 2.

*Figure 2: Property Tax Allocation*

	<i>% of 1%</i>
<i>Los Angeles</i>	<i>26.41%</i>
<i>Sacramento</i>	<i>Not Available</i>
<i>San Diego</i>	<i>17.07%</i>
<i>San Francisco*</i>	<i>57.74%</i>
<i>San Jose</i>	<i>15.45%</i>

\* San Francisco is a joint County/City. As a comparison, the County of San Diego receives 15.73% bringing the City/County total to 32.8%.

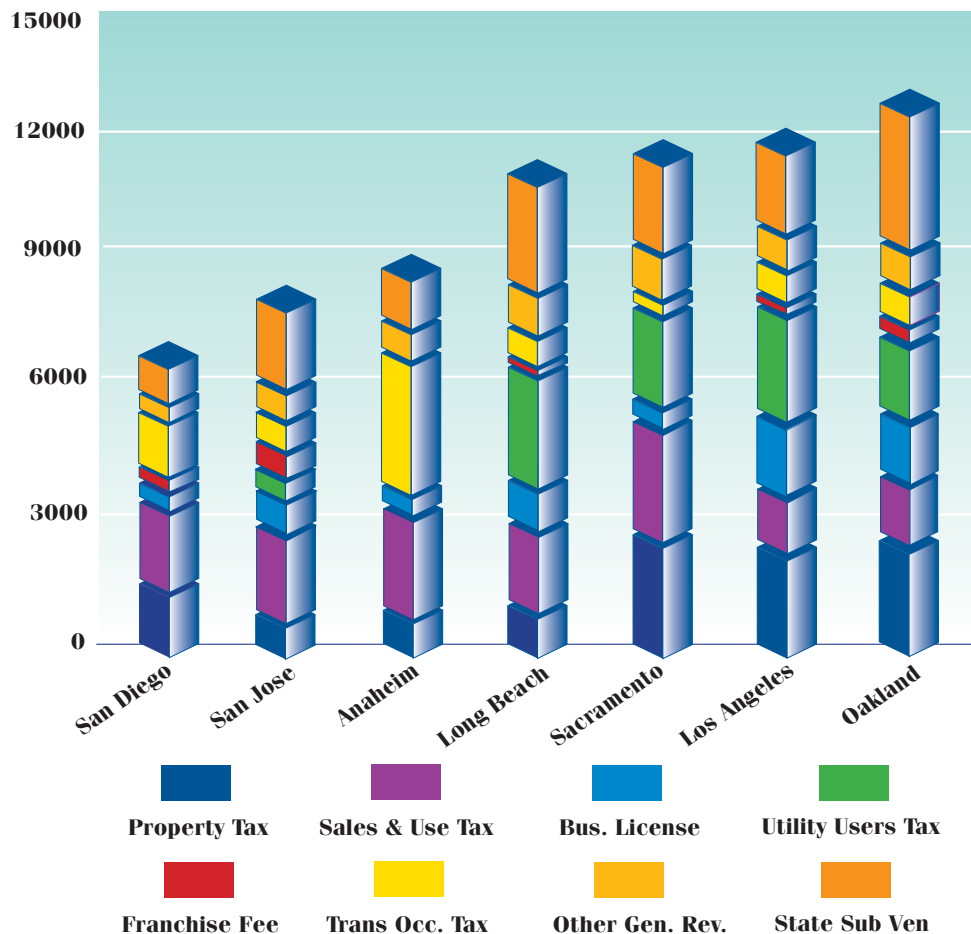


**Figure 3: Comparison of 15 California Cities**

City	Utility User Tax	Residential Trash Collection Fee	Water/Sewer Utility Right-of-Way/ Franchise Fee
<i>Los Angeles</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>San Diego</i>	<b>NO</b>	<b>NO</b>	<b>NO</b>
<i>San Jose</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Long Beach</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Fresno</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Sacramento</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Oakland</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Santa Ana</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Anaheim</i>	<b>NO</b>	<b>YES</b>	<b>YES</b>
<i>Riverside</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Stockton</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Bakersfield</i>	<b>NO</b>	<b>YES</b>	<b>YES</b>
<i>Glendale</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<i>Fremont</i>	<b>NO</b>	<b>YES</b>	<b>YES</b>
<i>Huntington Beach</i>	<b>YES</b>	<b>YES</b>	<b>YES</b>

San Diego ranks low on general revenue sources, with a dollar amount slightly more than one-half that generated per unit of net assessed value in Los Angeles. The reasons for this difference include both the higher percentage of property taxes allocated by the state to Los Angeles, as well as its utilization of many more sources of revenue. Figure 3 compares fifteen California cities' use of common revenue sources. San Diego does not currently apply several of these commonly utilized municipal revenue sources. Among these are the utility user tax, residential trash collection fee, or water/sewer utility right-of-way franchise fees. Other medium and large cities in the state apply either two or all three of these sources of revenue, as indicated in Figure 4.

**Figure 4: General Revenue Sources Comparison**



### ***Fiscalization of Land Use***

In recent years the State Legislature has acted to offset losses resulting from the Education Revenue Augmentation Fund (ERAF) by allocating more money for local government programs. Despite this relief, most cities and counties remain net losers based on a 1999 review by the California Legislative Analyst's Office. Beyond the loss of local revenues as of 2000, this status has fostered instability for California governments, creating divisions among cities, counties, schools, and special districts.

Under financial pressure, there is an incentive to attempt to regain fiscal power through land use policy. New development that produces taxable sales is often seen as most desirable, and favored over housing development. According to a California Planning Round Table report, many local governments have no incentive to approve such needed housing projects, especially affordable housing projects, because they are money-losers for the local budget.

The consequences are more than the loss of potential homes. In the long term, the fiscal incentive to create more retail jobs is often at odds with long-term prosperity of the citizens of a jurisdiction. Average household incomes benefit when jurisdictions favor the creation of middle-income jobs (e.g., lab technicians, drafters, computer specialists, etc.) over retail sales tax generating jobs. The added household prosperity results in sustained positive effects on the local economy and the municipal budget.

## *Assessments and other Financing Mechanisms*

In the newer Planned Urbanizing communities, Facilities Benefit Assessments (FBA) have been used since the early 1980s to charge new development for its fair share of needed public facilities (streets, parks, libraries, and fire stations). Since 1987, development impact fees (DIFs) have been applied in the Urbanized communities to provide a vehicle for infill development to pay a limited portion of the needed community facilities. Facilities cannot be fully funded by the DIFs because DIFs can only be used to pay for the portion of the new facilities needed by the new developments. DIFs cannot be used to make up facilities shortfalls. In some cases, older communities have initiated self-assessments such as Business Improvement Districts and Landscape Maintenance Districts to help revitalize their communities.

## *Funding Shortfall*

Facilities funding needs in the Urbanized communities through 2020 total approximately \$2.5 billion in the categories of local transportation, parks and recreation, libraries, and fire stations. The estimated need for additional revenues does not include: sewer and water system improvements (these are financed through the user fees charged for the services), future regional infrastructure categories, such as region-serving airports, and projected shortfalls in public school facilities and transit.





## *School Facilities*

Quality education is essential to train San Diego's future workforce and to provide the human capital for the region's growing economy. School facilities are also an important physical component of the community and have great impacts on neighborhood property values, social fabric, and stability. The fostering of equitable, quality education opportunities, and attractive, multi-use school facilities throughout the City are vital components of this growth strategy.

## *School Financing*

Before Proposition 13, schools in the City of San Diego were generally paid for or financed using general fund revenues. In response to the tax cuts mandated by Proposition 13, school districts turned to development impact fees to help cover the costs of new schools. Impact fees, however, have proven to be an inadequate substitute for property taxes. Compared to the reduction in property taxes caused by Proposition 13, current school fees are extremely low. In the year 2000, developers paid a one-time school facilities fee of \$3,680 on a 2,000 square foot home. In contrast, over a 30-year period, the San Diego Unified School District would have received over \$70,000 in inflation-adjusted dollars from the same home were it not for the decrease in property taxes due to the passage of Proposition 13.

The reduced ability to finance new schools and repair older ones, coupled with increased population growth, has severely strained San Diego's physical stock of schools. The electorate has taken notice of the deteriorating and overcrowded conditions and in some cases approved bond measures by the required two-thirds majorities, to repair, construct, and

renovate schools. Recent voter approved changes statewide have reduced the school bond passage requirement to 55 percent, making future bond issues in this category more achievable.

## *Siting New Schools*

More new schools will be needed to support population growth projections for 2020. Since San Diego's vacant developable land is scarce, much of the projected growth will go in existing neighborhoods. Planning for new schools in existing neighborhoods is more challenging than in new communities where undeveloped land is available for school sites. Because large parcels are typically unavailable, the district must assemble residential and/or commercial land from multiple property owners to achieve minimum campus acreage requirements. Purchasing existing homes is controversial because it displaces people, takes away needed housing, and often reduces the City's affordable housing stock. Reuse of commercial land is also problematic due to the potential environmental hazards that may be present in the soil or groundwater. Alternative school designs for urbanized areas are being examined, including renewed emphasis on two story structures.



## *Joint Use of Public Facilities*

Shared use or joint use of public facilities, including school facilities is a strategy to help meet public facility needs and to enrich the local community. In San Diego, there are many examples of joint use school/park facilities. This concept could be expanded to include sharing of facilities such as libraries, assembly or theater halls, plaza and town greens, community services, and classroom space for lifelong education. In some instances, the benefit of joint use includes land and maintenance cost savings for the affected agencies. In other situations, the reward is community enrichment and closer agency/neighborhood ties.



Joint use also relates to designing public facilities so that they invite community use and function as community centers. Libraries, parks, and schools can become community centers through many of the joint use concepts described above, as well as through siting, urban design and the use of architectural elements to celebrate the neighborhood and welcome the community into the facility. It is also desirable to locate new facilities and schools within convenient and safe walking distances of the residents who will use them. Charter schools offer another innovative strategy for meeting some of the facility needs in the future, as they are not required to meet school district facility standards. Security and cost sharing issues must be addressed to help ensure that many of these ideas can become a reality.

## *D. Conservation and the Environment*

### *San Diego Conservation History & Challenges*

Although the environmental movement is recognized more as a recent phenomenon, San Diego has a long history of planning for open space protection. Beginning in 1868, the City of San Diego Board of Trustees set land aside for a City park, later named Balboa Park. John Nolen's 1908 comprehensive plan for San Diego called for development to conform to and respect the natural environment.

San Diego has had many successful open space planning and preservation efforts. An amendment to the City Charter in 1972 established the Environmental Growth Fund, two-thirds of which could be used as debt service for bond issuance to acquire, improve, and maintain open space for park or recreational purposes. By 1984, these monies had funded the purchase of 10,800 acres of open space. Additionally, San Diego voters approved Proposition C in 1978, which authorized the sale of bonds to purchase open space.

In 1979, with the adoption of the *Progress Guide and General Plan*, an Open Space Element was included that established the goals of providing an open space system for natural resource protection, recreation, public health and safety, urban form guidance, and scenic and visual enjoyment.

In 1987, the City's Growth Management Program included a policy recommendation to allow topography and environmentally sensitive lands to define the City's urban form. In response, the City Council adopted the Resource Protection Ordinance (RPO) in 1989. In 1997, the Environmentally Sensitive Lands (ESL) regulations were created to simplify implementation of both RPO and the Multiple Species Conservation Program (MSCP).



Although the ESL regulations have been instrumental in the City's progress towards its conservation and open space goals, the negative impacts to citywide housing goals and facility financing plans have not been fully analyzed or mitigated. In addition, the development allowed through RPO permits has often not been visually compatible with the adjacent environmentally sensitive lands, especially in terms of grading and building design.

### *State and Federal Resource Protection*

Over the last thirty years, conservation issues have become increasingly more important to the general public. The environmental movement, and in particular, federal and state laws enacted in the late 1960s and 1970s have shaped the planning process to focus on environmental protection. Most state and federal laws currently address specific natural resources. In particular, the Endangered Species Acts (state and federal), the Clean Air Acts (state and federal), the Clean Water Act (federal), the California Environmental Quality Act (CEQA), the Federal Resource Conservation and Recovery Act (RCRA), and the National Environmental Policy Act (NEPA) have affected local efforts towards natural resource protection.

The State Legislature enacted the California Environmental Quality Act (CEQA) in 1970. CEQA requires jurisdictions to inform decision makers and the public about a project's environmental effects, identify ways to avoid environmental damage, prevent avoidable environmental damage, and disclose why a project is approved. CEQA has provided the land use-planning link to resource protection.

Despite increased incorporation of resource protection into the planning process, seamless coordination between local, state and federal agencies has often been difficult to achieve. Locally, however, the Multiple Species Conservation Program (MSCP) is a successful example of coordination between participating jurisdictions, wildlife agencies, property owners, and representatives of the development industry and environmental groups. The plan is designed to meet the habitat needs of multiple species, rather than focusing preservation efforts on one species at a time. Although this is a huge step toward implementing the Endangered Species Act in San Diego, a funding gap for land acquisition, the implementation goal of the MSCP, still exists.



Other challenges remain to achieve the goals of state and federal legislation. Environmental protection legislation, including the Clean Air Act and Clean Water Act, has traditionally focused on emission standards, best available practices, and targeted point-source dischargers, such as heavy industry. However, the emphasis is now shifting to reducing the impact of non-point dischargers, which includes households. The region must find meaningful ways to reduce air, water, and land pollution through broad-based solutions such as reducing automobile dependency, safely disposing of household hazardous materials, and reducing pollutants entering the storm drains.

The provision of water and water quality has emerged as a major conservation issue in the San Diego region over the past decade. Scientific and public concern over the dramatic loss of wetlands has led to the passage of legislation aimed at preserving and restoring the remaining wetlands, and preventing urban storm water runoff and non-point source pollution. Watershed planning, the provision of increased urban vegetation, and reducing impervious surfaces (i.e. roads and parking lots) pose potential challenges and solutions for addressing these issues.

## *E. Mobility*

San Diegans value mobility and consider it an important aspect of their quality of life. Most rely on the automobile as their primary means of transportation. Other transportation options have become less viable due to post World War II development patterns and infrastructure decisions that have favored an auto-based transportation network. The transportation system has been developed in accordance with federal and state programs, as well as local programs such as the Regional Transportation Plan (RTP), the City's *Progress Guide and General Plan*, community plans, various council policies, and the City's *Street Design Manual*. The goal of transportation planning has been to anticipate and accommodate future travel demand based on existing needs and future forecasts. Design standards are in place to ensure safe and functional facilities. The emphasis in this region has traditionally been on providing optimal automobile traffic flow.

The effectiveness, cost, and long-term sustainability of our auto-focused system are now being reexamined. For example, freeway widening has been shown to provide only temporary congestion relief as extra lanes draw new vehicle trips to the system that would not have otherwise occurred. In addition, there is a growing recognition that improving automobile circulation must be balanced with other community values, such as preserving neighborhood character and sensitive environmental resources.





During the 1990s, efforts to solve congestion problems with multiple approaches have resulted in greater regional interest in transit and bicycle facilities, and in the development and implementation of programs in the areas of transportation demand management (TDM), transportation systems management (TSM), and intelligent transportation systems (ITS). Better coordination of transit and land use planning, including promotion of more walkable, mixed-use communities as described in the City's Transit-Oriented Development (TOD) Design Guidelines, is also acknowledged as part of the solution. The shift toward seeking multi-modal solutions also occurred at the federal level with passage of the Intermodal Surface Transportation Efficiency Act in 1991.

It is clear that a transportation planning strategy based on providing capacity improvements on freeways and roadways cannot solely meet the increasing travel demand of the region. Not only will congestion increase, but there is also a growing concern that there will be insufficient parking as well as roadway space. By one estimate, if current trends continue, the one million new residents forecasted for the region by the year 2030 will be driving 685,000 cars. These cars will require approximately 3.5 million new parking spaces or the equivalent of 37 square miles of parking lots.

The central challenge for the future is to enhance mobility by creating walkable, mixed-use communities that are linked by superior bicycle and transit systems.



## *F. Housing Supply and Affordability*

Demand for housing options is increasing as the City's developable land is vanishing. San Diego lacks a variety of housing types that are affordable to different income levels. The trend of not developing at the maximum density allowed, or rezoning to lower densities to allow more single-family homes has reduced the potential housing stock in San Diego. Current residential development is geared toward upper-end single-family and multifamily units. San Diego's demographics suggest a need for attached rental housing with units of more than two bedrooms and entry level, for-sale, multifamily and single-family homes. Accessible housing options for persons with disabilities must also be considered.

A number of issues impact San Diego's housing affordability, including the national and local economy, in addition to local supply and demand. High economic growth tends to negatively impact most people's ability to purchase or rent housing because of market demand and limited supply.



Affordable housing is generally unavailable for lower income households. This is exacerbated during times of increased economic growth. The dominance of single-family and lower-density multifamily units in San Diego County has resulted in an insufficient supply of housing units. Over the next twenty years, the remaining undeveloped, residentially designated land will not accommodate projected growth over the next 20 years.

During the late 1990s, a period of rapid economic growth, housing became less affordable for San Diegans. In 1998, the National Association of Homebuilders ranked San Diego as the fifteenth least affordable homeowner market in the country. In 2000, San Diego was ranked the ninth least affordable. From 1996 to 2000, rents increased in San Diego 36 percent, with a vacancy rate in 2000 of approximately one to three percent.



These trends are not unique to San Diego. The Federal Department of Housing and Urban Development reports that nationwide the number of homes and apartments affordable to families with low-wage incomes is decreasing. Affordable housing opportunities are shrinking with rents rising at twice the rate of general inflation (1999), and the number of people with low-income jobs is increasing. The decline in federal and local assistance for rent and income restricted housing units has also resulted in fewer units affordable to low income households.

Challenges to creating new housing units in San Diego include land availability, financing, traffic constraints, and environmental impacts. San Diego's developable land continues to decrease, meaning that new housing units will have to occur through infill or redevelopment. Infill and redevelopment create a different challenge in increasing the housing stock because both development costs and neighborhood opposition tend to be higher in existing communities.

## *G. Economic Growth*

For most of the 20th Century, San Diego's economy has been closely tied to federal defense expenditures. It began with the Navy bases during World War I, followed by the Marines and shipbuilding. Aerospace manufacturing growth followed World War II. In the last quarter of the 20th Century, San Diego became a vacation destination due to its climate and natural beauty. The growth of uniformed services, military contracts, and the visitor industry made San Diego the fastest growing major city in the U.S. during much of the 1980s. This growth fueled a volatile real estate market that drove up housing prices and created speculative development, stimulating both residential and commercial sprawl.



When the Cold War ended, San Diego lost nearly 50,000 high technology defense jobs over a period of four years, partially contributing to a downward spiral for the economy. San Diego's economic condition was exacerbated by a worldwide recession resulting from corporate restructuring, and the collapse of the savings and loan industry. Housing construction all but ceased and entire shopping centers failed. School districts and local governments dramatically pared back services as tax revenues diminished, and the state retained a larger share of tax dollars to balance its declining budget. Only the tourism sector of San Diego's economy, with its comparatively low paying jobs, continued to grow in the early 1990s.

San Diego reinvented its economy during the 1990s. While some defense contractors vanished, others found commercial niches for their knowledge-based technologies. Electronics manufacturing growth in Tijuana's maquiladoras stimulated research and development, pilot manufacturing, and office functions in San Diego. The global surge in internet and wireless technologies in the late 1990s made San Diego's combination of high tech development, manufacturing capabilities and high quality of life one of the world's most desirable high technology business locations. By 1998, the loss of defense contracting jobs had been more than replaced with the "new economy" jobs.

The "new economy" comes with an awareness that the City of San Diego is part of a larger economic region, that quality of life and natural resources are economic assets, that there is a need for connected vital centers with more living and working choices, and that the City must be able to adapt quickly to change. The supply of vacant developable employment land has decreased to a critical point in the City, especially in locations preferred by "new economy" industries. Dwindling employment lands must be used more efficiently to sustain job growth, and there will be an increasing demand for reuse-infill development in older areas.

San Diego faces other challenges in promoting long-term economic prosperity. San Diego has been experiencing declining middle-income job opportunities and a concentration of lower income populations. San Diego continues to create more jobs, with knowledge-based jobs fueling the high end of the economic spectrum. However, manufacturing, which has provided the most solid middle class job opportunities, continues to decline as a percentage of employment. The growing visitor industry and retail and business service occupations do not typically offer middle-income jobs with medical benefits. The region's remaining middle class occupations tend to be in government and private business ownership.

Low-income families account for 44 percent of the region's population. Declining middle-income job opportunities and increasing housing costs add to the problems of concentrated poverty and poor school performance. The social and physical costs of concentrated poverty greatly exceed the limited resources of social programs and redevelopment efforts.

Once the top performing education state, California now ranks near the bottom. The lack of resources for local schools has inhibited their ability to provide a skilled labor force, forcing employers to look outside the region to find quality employees.



The rapid increase in housing prices will steadily increase pressure on salaries. This could cause the regional economy to succumb to inflation, making San Diego less cost competitive as a place to do business.

The capacity of regional infrastructure has been declining. Border infrastructure lags behind the increase in border trade. Despite growth in tourism and international trade, San Diego's airport is less than a third the size of the next smallest airport among major U.S. cities. Both water and power supplies are under pressure to meet the region's growing need.

In summary, an Economic Prosperity strategy for San Diego must encourage a rising standard of living that is equal to or above the national trend as measured by real capita income.

# *Appendix A*

## *Proposition A*

**Proposition A**, an initiative measure approved by the electorate of the City of San Diego on November 5, 1985 amended the Progress Guide and General Plan. The initiative amended the plan by adding the provisions presented below in bold:

**Section 1.** “No property shall be changed from the ‘future urbanizing’ land use designation in the Progress Guide and General Plan to any other land use designation and the provisions restricting development in the future urbanizing area shall not be amended except by majority vote of the people voting on the change or amendment at a City wide election thereon ”.

**Section 2.** Definitions. “For purposes of this initiative measure, the following words and phrases shall have the following meanings:

- (a) “Progress Guide and General Plan shall mean the Progress Guide and General Plan of the City of San Diego, including text and maps, as the same existed on August 1, 1984.”
- (b) “Change in Designation” or changed from ‘Future Urbanizing’ shall mean the removal of any area of land from the future urbanizing designation.”
- (c) “Amendment” or “amended” as used in Section 1 shall mean any proposal to amend the text or maps of the Progress Guide and General Plan affecting the future urbanizing designation as the same existed in the Progress Guide and General Plan on August 1, 1984 or the land subject to said designation on August 1, 1984, except amendments with are neutral or make the designation more restrictive in terms of permitting development.”

**Section 3. Implementation.** “The City Council, City Planning Commission, and City staff are hereby directed to take any and all actions necessary under this initiative measure, including but not limited to adoption and implementation on any amendments to the General Plan and zoning ordinance or City wide, reasonably necessary to carry out the intent and purpose of this initiative measure. Said actions shall be carried forthwith.”

**Section 4. Guidelines.** “The City Council may adopt reasonable guidelines to implement this initiative measure following notice and public hearing, provided that any such guidelines shall be consistent with the intent and purpose of this measure.”

**Section 5. Exemptions for Certain Projects.** “This measure shall not prevent completion of any project as to which a building permit has been issued pursuant to Section 91.04.03(a) of the San Diego Municipal Code prior to the effective date of this measure; provided, however, that the project shall cease to be exempt from the provisions of Section 91.02.0303(d) of the San Diego Municipal Code or if the said permit is suspended or revoked pursuant to Section 91.02.0303(e) of the San Diego Municipal Code.”

**Section 6. Amendment or Repeal.** This measure may be amended or repealed only by a majority of the voters voting at an election thereon.

**Section 7. Severability.** “If any section, subsection, sentence, phrase, clause, or portion of this initiative is for any reason held to be invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this initiative and each section, subsection, sentence, clause, phrase, part of portion thereof would have been adopted or passed irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, parts of portions be declared invalid or unconstitutional.”



## *Appendix B*

### *Prospective Annexation Areas*

The City of San Diego plays a leading role in regional planning. This role includes working with other jurisdictions and agencies in refining the City's boundaries. The expansion of City boundaries can help discourage urban sprawl by providing organized and planned growth, the efficient delivery of urban services, such as police, fire, water and sanitation, and the preservation of open space. By discouraging sprawl, the City can limit the misuse of land resources and promote a more cost-efficient delivery of urban services. Both the State and County support the expansion of cities to provide urban services, rather than the expansion of special districts.

Under the authority of the State, the Local Area Formation Commission (LAFCO) regulates, through approval or denial, any boundary changes proposed by a city. Although LAFCO does not have the power to initiate boundary changes on its own, LAFCO coordinates the orderly development of a community through reconciling differences between city and county plans, so the most efficient urban service arrangements are created for the benefit of area residents and property owners.

A “Sphere of Influence” which is used to determine the most logical and efficient future boundaries for cities, is the physical boundary and service area that a city is expected to serve. A Sphere of Influence study is completed prior to the adoption of the Sphere of Influence boundary to determine which governmental agencies can provide services in the most efficient way to any given area. LAFCO is required to update Spheres of Influence at least every five years. LAFCO also encourages jurisdictions to evaluate their current operations and options for reorganization, to improve services and to reduce operational costs by avoiding the overlapping and duplication of services.

In 1985, LAFCO determined the City of San Diego's Sphere of Influence to be co-terminus with its boundaries. It is still in the City's interest, however, to identify prospective annexation areas for long-range planning purposes: to avoid duplication of services with special districts, promote a more cost-efficient delivery of urban services to both existing areas that already have urban services and future development areas that require urban service extensions from contiguous City areas, and promote orderly growth and development and the preservation of open space, where appropriate and necessary, on its periphery. These areas, as shown on

the Prospective Annexation Areas map, include both islands of unincorporated land and unincorporated areas that share common geographic features and are bordered by the same natural boundaries as the contiguous City area.

Land within the areas designated on the map could be reviewed for the possibility of annexation upon the initiative of either the landowner or the City. In either case, the City will use the following factors in determining whether the City should submit an annexation application to LAFCO:

- The present and planned land uses for the proposed annexation
- The present and future need for urban services and facilities
- The fiscal impact of the proposed annexation to the City
- Whether the proposal represents an orderly and logical extension of City boundaries
- The ability of City to provide urban level services
- Whether the proposal would induce residential growth
- Whether the proposal would provide provisions for affordable housing
- Whether the proposal would provide provisions for open space
- The effect of the annexation to any relevant social or economic communities of interest
- The level of support on the part of affected property owners and area residents

LAFCO will determine if the proposed annexation requires an amendment to the Sphere of Influence, or if a Sphere of Influence study is needed prior to an amendment. In either case, LAFCO will use the above-mentioned factors as part of its decision making process. Upon annexation, areas will be included in the appropriate community plans and phase of development.